

The APEV Scale: A Measure of Annual Performance of an Export Venture*

Luis Filipe Lages, Cristiana Raquel Lages and Carmen Lages **

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**Luis Filipe Lages is Assistant Professor of Marketing and International Business at Universidade Nova de Lisboa, Faculdade de Economia, Campus de Campolide, 1099-032 Lisboa, Portugal. e-mail: lflages@fe.unl.pt; web: <http://prof.fe.unl.pt/~lflages>; Telephone: +351.213.801.600; Fax: +351.213.886.073.
Carmen Lages is Assistant Professor of Marketing at ISCTE Business School - Lisbon, Portugal. E-mail: carmen.lages@iscte.pt
Cristiana Raquel Lages is affiliated with Warwick University, Warwick Business School, U.K. E-mail: c.r.c.lages@warwick.ac.uk

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ABSTRACT

Annual company reports and financial statements rarely distinguish between the domestic and export markets' operations, and even more rarely provide annual financial indicators on specific export ventures performance. This situation is a major obstacle to the development of export marketing practice and theory. To overcome this state of affairs the authors develop and test a new measure for assessing the annual performance of an export venture (the APEV scale) as perceived by managers. The new measure has five dimensions: 1) annual export venture's financial performance; 2) annual export venture's strategic performance; 3) annual export venture's achievement; 4) contribution of the export venture to annual exporting operations; and 5) satisfaction with annual export venture's performance. Findings are used to generate managerial implications and directions for future research.

Keywords: APEV; STEP; EXPERF; Export Venture Performance; Export Marketing.

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“Managerial judgment of the performance of individual export ventures is extremely important. Resources are allocated to the ventures perceived as good performers or potentially good performers. Bad performing export ventures (...) will lose the battle for future resources.”

Madsen (1998: 91)

“From the manager’s point of view, there is (...) a common practice of focusing on annual performance results”.

Lages and Lages (2004: 50)

INTRODUCTION

Forty years after Tookey’s (1964) pioneering work, research on performance of export ventures is more alive than ever (see for example: Morgan, Kaleka and Katsikeas 2004; Lages and Lages 2004). However, conceptual efforts to the development of this topic are relatively recent (Fraering 1996; Matthyssens and Pauwels 1996; Madsen 1987) and empirical efforts even more so (see: 1998 JIM Special Issue on the topic as a major contribution). Although extensive work already exists on export performance antecedents (see as reviews: Aaby and Slater 1989; Zou and Stan 1998; Leonidou, Katsikeas, and Samiee 2002) and, more recently, on export venture’s performance outcomes (see: Lages and Jap 2003; Lages and Montgomery 2004), different measures to assess export performance have been used. At the research level, the diversity of export performance measures questions the reliability of existing findings, as researchers doubt if existing results are a consequence of the variables linked to export performance or a consequence of its operationalization (Zou, Taylor and Osland 1998). Although many researchers would agree with Churchill (1979) that developing a valid scale involves refinement and improvement of existing scales, few export performance studies have done so (see Styles 1998 as a notable exception). In this research, we build on the well-known EXPERF scale (Zou, Taylor and Osland 1998) to develop a new

five-dimensional measure for assessing the annual performance of an export venture (the APEV scale).

Why an approach that assesses the annual performance of an export venture is essential? First, when studying managerial judgment of export performance, it is important to explore the frame of reference employed by managers. A significant share of export managers' time is spent in assessing *annual* performance of *individual export ventures* (Lages and Lages 2004; Madsen 1998). This approach allows export managers to define clearer yearly objectives of positioning for particular products in specific markets, which will allow them to better control the reasons behind each export venture's (un)success in comparison to main competitors. Second, since planning is typically done on an annual basis, annual export venture's performance appraisals provide a strong foundation for establishing annual priorities, identifying the ventures to which resources should be allocated as well as gaining better control of the annual costs. Third, since changes in the international context are constant and demand immediate short-term responses, annual evaluations allow communicating to company stakeholders the firm's current situation in the global arena. Fourth, annual export venture's performance assessment might be used as a *motivation* tool for export staff members. They can be rewarded when achieving annual exporting goals and their own professional goals (e.g. bonus, promotion) (Neely 1998). Finally, this approach is particularly pertinent if one considers that a firm's long-term overall export success is the result of the aggregation of annual individual export venture's performance (Lages and Lages 2004).

We argue that a possible way to further develop the export marketing field is by building multi-dimensional scales adapted specifically to the time-frame dimension and the unit of analysis, which implies naming the new constructs accordingly. More specifically, while building on previous literature, we suggest that it is important to develop export

performance scales that take into consideration the time-frame (e.g. performance in a single year or multiple years, short-term or long-term performance) as well as the unit of analysis (e.g. performance at the corporate-level or at the export venture level). This would contribute to diminishing the confusion that exists in the export marketing field and would improve the quality and scope of export performance measurement. Moreover, in this way the possibility of clarifying and establishing priorities in specific export performance domains will also be more likely. Hence, the main objective of this article is to contribute to export marketing practice and theory by developing and testing a new scale that focuses on the annual performance of individual export ventures.

In the first part of this paper we provide a brief review of the export performance literature. In response to the call made by Zou, Taylor and Osland (1998), we extend the EXPERF scale. Although we use as a basis the measurement domain of export performance, we focus specifically on the *annual* performance of an *individual export venture*. This is done by specifically incorporating additional items, while focusing on a specific time-frame (annual performance) and unit of analysis (export venture), resulting in our APEV scale. The APEV scale is tested using data collected via a survey of British exporting managers. Results are then presented and their implications for theory, public policy making and managerial practice are then discussed. We conclude with research limitations and fruitful directions for further research.

EXPORT PERFORMANCE MEASUREMENT

For the present study, we chose to re-examine Zou, Taylor and Osland's (1998) EXPERF scale, a widely accepted and used multi-dimensional export performance scale. Although some might argue that it is possible to measure export performance with a single variable, we trust that in order to capture the complexity of export success it is advisable to construct a scale based on a set of multiple items and dimensions.

In terms of mode of performance assessment, research might use objective and subjective indicators (Venkatraman and Ramanujam 1986). The measure developed in this paper is subjective, an approach used by nearly half of the studies on export marketing (Katsikeas, Leonidou, and Morgan 2000). More specifically, the APEV scale relies on managers' perception of yearly export venture's performance. As our focus is on a specific export venture in a specific year, responding executives have detailed knowledge of its performance.

There are several factors supporting the use of a subjective approach to performance measurement. First, obtaining accurate financial export performance is a difficulty acknowledged by researchers, because export managers might be unwilling to respond openly and effectively to absolute values (Katsikeas, Piercy and Ionnidis 1996; Yang, Leone and Alden 1992). Moreover, company reports and financial statements rarely distinguish between the domestic and export markets' operations, and even more rarely provide specific annual information on the different export ventures (Katsikeas, Leonidou, and Morgan 2000).

Second, for research purposes it is often impossible to establish a common definition or fixed reference points across firms. This occurs because performance itself is a complex construct in the view of the firm. Financial success for one company may constitute failure for another as performance assessment is often idiosyncratic to the type of firm and its setting (Greve 1998). For example, the existing differences in terms of characteristics of the market, level of competition and technology intensity might lead to a comparison of financial measures that do not have the same meaning across the various firms (Katsikeas, Piercy and Ionnidis 1996). Moreover, financial export performance measures do not indicate whether or not a firm has adequately exploited existing export opportunities (Cavusgil 1984). This explains in large part why managers tend to use their own perceptions of performance, rather than objective values, in order to formulate their own decisions (Bourgeois 1980). However,

since research samples are often drawn from a heterogeneous population of exporting firms, the researcher --as opposed to managers-- usually establishes the imaginary boundary line between success and failure (Styles 1998).

Finally, although objective assessments of actual performance may be regarded as more trustworthy, this type of approach may raise different measurement problems. Both stakeholders and managers may have different opinions about which operational measures to use when setting targets and, hence, it becomes very difficult to find agreement on which and how to use financial measures to assess export performance (Madsen 1998). Additionally, some measures (e.g. profitability, ROI, cash-flow) might raise comparability problems due to different accounting practices across firms.

In sum, all these reasons might explain why subjective measures have been proven to be valid in measuring export performance and in determining the way in which performance is associated with managerial decisions (Katsikeas, Leonidou, and Morgan 2000).

DEVELOPMENT OF THE APEV SCALE

The EXPERF Scale

According to a recent meta-analysis (Katsikeas, Leonidou, and Morgan 2000), the great majority of studies assessing export performance do so at the corporate level and a mere 12% focus on an export venture. Despite the notable efforts in recent years to operationalize export performance as a construct using a specific unit of analysis, quite often these efforts are not explicit in the constructs' chosen designations. A typical example is the EXPERF scale. Zou, Taylor and Osland's (1998) study presents a multi-item scale with three dimensions: financial export performance, strategic export performance, and satisfaction with the export venture. Although all the nine items that comprise the EXPERF scale were collected specifically at the export-venture level, the scale was named broadly as an "Export Performance" measure, implying that all the questions were made at the corporate level.

When analyzing specifically the three dimensions composing the EXPERF scale (see Zou, Taylor and Osland 1998: 48), the authors use the expression “Export Performance” for two of the dimensions, while with regard to the third dimension they use the expression “Export Venture”. Since all the data were collected at the export venture level, we suggest that all the three constructs should have been named accordingly. The dimension “financial export performance” should have been named as “export venture’s financial performance” and “strategic export performance” should have been labeled as “export venture’s strategic performance”. Additionally, we suggest that a more accurate name for the third dimension “satisfaction with the export venture” would have been “export venture’s achievement”. The argument is that established literature typically analyzes export satisfaction by questioning managers about their satisfaction or dissatisfaction with specific indicators (see e.g., Seifert and Ford 1989; Evangelista 1994). Moreover, we believe that the three items comprising this dimension capture a broader concept than satisfaction, as they capture the extent to which the export venture has been satisfactory, successful, and has met expectations. Hence, it is able to capture the extent to which performance has matched the aspiration level of the firm’s manager, which may be used as a reference point to assess the degree of the export venture’s achievement. High achievement is realized if export venture’s performance is better than or equal to expected performance, and failure if it is less.

The APEV Scale

In our research, we develop the APEV scale, a new measurement scale for assessing the performance of an individual export venture in a year period. All of its five constructs were named taking into consideration two issues: (1) the new time frame, i.e. *annual* export venture’s performance, and (2) the common unit of analysis, i.e. an *individual* export venture. Simultaneously, the preliminary interviews and export performance literature (see: Katsikeas, Leonidou and Morgan, 2000) directed us to consider the breadth of export venture’s

performance domain. This breadth was captured in the APEV operationalization in two ways. First, we rethought the EXPERF dimensions within our context and renamed them as follows: 1) annual export venture's financial performance; 2) annual export venture's strategic performance; and 3) annual export venture's achievement. Second, we proposed two new dimensions to account for the variance not captured by any of the three initial theoretical dimensions: 4) export venture's contribution to annual exporting operations; and 5) satisfaction with annual export venture's performance. We discuss below each of the five dimensions included in our survey instrument.

First, *annual export venture's financial performance* measures the financial results of a specific export venture during a one-year period. Financial performance is the most common means of accessing export performance. The exporting literature provides financial indicators such as profitability (e.g., Bilkey 1982; Cavusgil and Zou 1994; Madsen 1989), sales volume (e.g., Cooper and Kleinschmidt 1985; Madsen 1989; Samiee and Roth 1992) and export growth (e.g., Cavusgil and Zou 1994; Samiee and Roth 1992; Shoham 1996). In this study, exporters were asked to assess their level of agreement with the statement that in year “Y” a specific export venture has “been very profitable”, “has generated a high volume of sales” and “has achieved rapid growth”.

Second, *annual export venture's strategic performance* measures the strategic results of a specific export venture during a one-year period. Managers consider not only financial objectives, but also strategic objectives of exporting (Cavusgil and Zou 1994). Strategic objectives include competitiveness, market share and strategic position (e.g., Cavusgil and Kirpalani 1993; Cavusgil and Zou 1994; Johnson and Arunthanes 1995), which were included in our survey instrument through a question that referred to the contribution of a specific export venture in year “Y” to global competitiveness, strategic position and global market share.

Third, *annual export venture's achievement* is a subjective measure that reflects an affective evaluation about the export venture's performance. Firms establish a set of exporting objectives that may or may not be fully achieved at the end of the year. It is likely that if goals were achieved, managers would consider the export venture's performance satisfactory, successful and their expectations fulfilled. Contrarily, if expected goals were not achieved, from an export manager's perspective, export venture's achievement may be unsatisfactory and unsuccessful. Export achievement is a widely-used mean of assessing the performance of an export venture (e.g. Cavusgil and Zou 1994; Katsikeas, Piercy, and Ionnidis 1996; Naidu

and Praisad 1994). Annual export venture's achievement assesses performance in terms of satisfaction, positive feelings about success, and the degree to which expectations were met (Cavusgil and Zou 1994; Christensen, da Rocha and Gertner 1987; Johnson and Czinkota 1982).

Our fourth dimension assesses the *contribution of the export venture to annual exporting operations*. A recent meta-analysis (Katsikeas, Leonidou, and Morgan 2000) indicates that export intensity is the most common measure in the export marketing literature. However, the export marketing literature is typically concerned with the importance of the export operations at the firm level. Traditionally, the export marketing literature examines export intensity in terms of percentage of export sales to total sales *volume* (e.g. Axinn, Noordewier, and Sinkula 1996) and export sales to total sales *value* (e.g. Beamish, Craig, and McLellan 1993), as well as percentage of export profits to total profits (e.g. Axinn, Noordewier, and Sinkula 1996). In this study, since our unit of analysis is an export venture, we analyze export venture's specific contribution to export operations, so that we can accurately evaluate its contribution to export performance. To the best of our knowledge, annual export venture's weight to annual exporting operations has never been addressed. Hence, and while building on previous export intensity studies, with this dimension we propose to assess managers' perception of the export venture's contribution to the total exporting activity in terms of sales volume, sales value, and profitability during a one-year period.

Finally, *satisfaction with annual export venture's performance* is defined as a compound psychological variable (an affective state) assessing the yearly effectiveness of the export venture in terms of its market share and overall performance. Satisfaction is one of the most-studied outcome variables in the marketing literature (see Geyskens, Steenkamp, and Kumar 1999 for a review), being also very well established in the export marketing field (e.g. Shoham 1998; Lages and Lages 2004). Similarly to previous export marketing studies

(Seifert and Ford 1989; Evangelista 1994), managers have been asked how satisfied they are with objective measures of export performance such as market share and overall performance.

METHOD

Survey Instrument Development

Churchill's (1979) traditional approach to scale development was adopted. The APEV scale evolved from a combination of exploratory qualitative in-depth interviews, a review of the export marketing literature, and survey pretest. Based on the literature review and findings from the interviews, the domain of the construct was specified to include two additional categories "contribution of the export venture to annual exporting operations" and "satisfaction with annual export venture's performance" relevant to the assessment of annual export venture's performance. With this in mind, a set of items designed to measure each of the two dimensions was developed. These items were generated primarily to capture a broader range of export venture's performance elements that were neither covered nor captured by the three EXPERF dimensions.

While taking into consideration the time-frame and unit of analysis used, the combined set of 14 items for the new APEV scale were then assessed by academic judges and managers involved in export operations for content evaluation. Substantive considerations were given to such aspects as the breadth of theoretical content coverage by the item, consistency of the contents tapped by individual items under a single factor, and clarity of the meaning and comprehensibility of the item (Matsuno, Mentzer and Rentz 2000). After incorporating the suggestions we proceeded to the final survey. A full listing of the final items and their scale reliabilities can be found in Table 1. The average internal reliability (Cronbach alpha) was .87.

Research Setting and Data Collection Procedure

Our research setting is in the UK. The UK's economic growth depends on the export performance of its firms, since exports correspond to more than one-quarter of the GDP (Reed Business Information, 2000). It is particularly worthwhile researching the performance of British firms' export venture, as the UK has a traditional deficit on net goods exports. A sample of 1,564 British enterprises was randomly generated from a database of the British Chamber of Commerce, "British Exports 2000" (Reed Business Information 2000). An incentive was stated in the cover letter: in return for a completed questionnaire, the findings would be available after the completion of the study. Confidentiality was also assured.

A cover letter, a questionnaire and a postage-paid business reply envelope were sent to the person responsible for exporting in each of the British firms under study. Unfortunately, due to lack of financial resources, it was not possible to send a reminder mailing. The data collection was conducted in 2002. Out of the 1,564 exporters we received 111 replies, which represents a raw response rate of 7%. In order to identify the problems associated with this low raw response rate, we used the procedure of Menon et al.'s (1999) in which we contacted 100 randomly chosen respondents to determine undeliverable and noncompliance rates, and then assessed final response rates. We estimated that 34% of the mailings were undeliverable because of incorrect address; an additional 40% did not reach the person responsible for the export operations in the firm; and 4% of the respondents reported a corporate policy of not responding to academic surveys. In line with Menon et al.'s (1999) procedure, the total of 111 usable returned questionnaires represents a 32% effective response rate, which is quite satisfactory, given that average top management survey response rates are in the range of 15%-20% (Menon, Bharadwaj, and Howell 1996).

Assessment of Non-Response Bias and Data Profile

Non-response bias was tested by assessing the differences between the early and late respondents with regard to the means of all the variables for both samples (Armstrong and Overton 1977). Early respondents were defined as the first 75% of the returned questionnaires, and the last 25% were considered to be late respondents. These proportions approximate the actual way in which questionnaires were returned. No significant differences among the early and late respondents were found, suggesting that response bias was not a significant problem in the study.

The survey was primarily directed to individuals who were responsible for exporting operations and activities. The job title of these individuals included president, marketing director, managing director, and exporting director. Respondents were asked to indicate their degree of experience in exporting on a scale where 1=none and 5=substantial. The mean response was 3.8 (sd=.93, range 1 to 5). This indicates that although the title of the respondents' positions may be wide-ranging, the individuals appear to have considerable knowledge in the specific exporting activities of the firm and are experienced with exporting in general. The entire size range of firms is represented in the sample. British exporting industry is primarily composed of SMEs. Of the exporting firms represented in the sample, 6% of the companies have more than 500 employees and the average annual export sales of these firms ranged from USD \$470,000 - \$1.6 M.

DATA ANALYSIS

As noted by Churchill (1979), in order to increase reliability and decrease measurement error it is more advisable to use multi-item scales than single-item scales. Churchill's (1979) approach to scale development has been expanded by Gerbing and Anderson (1988) with the use of Confirmatory Factor Analysis (CFA). We used CFA to assess the measurement properties of the existing scales, using full-information maximum

likelihood (FIML) estimation procedures in LISREL 8.3 (Jöreskog and Sörbom 1993). CFA provides a better estimate of reliability than coefficient alpha (Steenkamp and Van Trijp 1991). While coefficient alpha assumes that different indicators have equal factor loadings (λ) and error variances (δ), CFA takes into account the differences among the existing indicators (Styles 1998).

In this model, each item is restricted to load on its pre-specified factor, with the five factors allowed to correlate freely. The chi-square for this model is not significant ($\chi^2=86.78$, 67df, $p=.052$). Since the chi-square statistic is sensitive to sample size, we also assess additional fit indices: the Comparative Fit Index (CFI), the Incremental Fit Index (IFI), the Tucker-Lewis Fit Index (TLI), Goodness of Fit Index (GFI) and Standardised Root Mean Square Residual (SRMR). The CFI, IFI, TLI, GFI and SRMR of this model are .99, .99, .98, .90 and .051, respectively. Since fit indices can be improved by allowing more terms to be freely estimated, we also assess the Root Mean Square Error of Approximation (RMSEA), which assesses fit and incorporates a penalty for lack of parsimony. An RMSEA of .05 or less indicates a close fit to the population, while .08 to .10 indicates a satisfactory fit, with any score over .10 indicating an unacceptable fit. The RMSEA of this measurement model is .052. Hence, the fit indices reveal that the final structural model is fairly good in the sense of reproducing the population covariance structure, and that there is an acceptable discrepancy between the observed and predicted covariance matrices.

As can be seen in Table 1, convergent validity is evidenced by the large and significant standardized loadings of each item on its intended construct (average loading size was .85). Table 1 also shows that all constructs present the desirable levels of composite reliability (Bagozzi 1980). Discriminant validity among the constructs is assessed using the Fornell and Larcker (1981) test. The index of variance extracted was above the recommended level of .50 for all of the five constructs.

Insert Table 1 about here

IMPLICATIONS FOR MANAGERS AND PUBLIC POLICY MAKERS

Research interest in the export performance topic is a natural consequence of its macro and micro implications (Katsikeas, Leonidou and Morgan 2000). At the *macro* level, there is a need for a sound evaluation of annual export ventures' performance. The annual performance of national firms' export ventures is associated with the extent to which governments accumulate annual foreign exchange reserves, improve national productivity, and create new jobs (Czinkota 1994). Moreover, if one considers that public policy makers often provide export assistance to firms that perform well (Lages and Montgomery 2001), they might also benefit from the existence of a scale to assess annual export ventures' performance. By measuring annual export ventures' performance, public policy makers may better monitor the effectiveness of the overall assistance provided to exporting firms, allowing valuable resources to be saved that can be used to generate reserves or be allocated to other activities. Nevertheless, and although a long-term firm's export success is the result of an aggregation of annual individual export ventures' performance, it is important that a potential obsession with annual results not kill off public policy makers' long-run view.

Similarly, at the *micro* level, there is a need for managers to assess annual export performance venture by venture (i.e. a single product or product line exported to a single foreign market) because this approach may assist them in clarifying the actual processes underlying performance assessments and in defining specific planning directions. Indeed, as recently noted by Madsen (1998: 91), "further international development of the firm is highly dependent on sound judgments of export performance" as this allows a better "allocation of resources to the right export ventures". Despite managers knowing instinctively in which ventures to invest their efforts, it becomes very difficult for them to assign priorities and

gauge the resulting annual benefits of each venture. This is due to the fact that there is no established measure to assess annual performance of individual export ventures. With the scale presented herein, we expect to provide managers with a major tool for annual export planning. Annual evaluations of export venture's performance will allow managers to communicate relevant information to the different stakeholders, improve upon weaknesses or reinforce expectations, while focusing on annual exporting objectives. The APEV scale might also be used as a key tool when major short-term changes occur, such as firm's restructuring or downsizing across divisions; a new exporting department emerges; the performance of export operations has been substandard or has slipped from past higher levels; and when international business is turning downward and top managers tend to keep tight controls on the exporting activity;

RESEARCH LIMITATIONS

The first limitation of this research is related to the fact that the data incorporate only the view of one player in the exporting relationship –the exporter– and does not consider views from the other side of the dyad –the importer–. Such an approach would be particularly difficult if we consider that the other side of the dyad is a foreign client. A second possible limitation is that our research instrument (i.e. the questionnaire) may have created common method variance. This could be particularly threatening if the respondents were aware of the conceptual framework of interest. However, they were not told the specific purpose of the study, and all of the construct items were separated and mixed. Furthermore, we guaranteed confidentiality to all survey participants, which also helps to reduce the possibility of bias in performance reports for self-presentation reasons (Singh 2000). Additionally, if common method bias exists, then a CFA containing all constructs should produce a single method factor (Podsakoff and Organ 1986). The goodness-of-fit indices (CFI=.68, IFI=.68, TLI=.62,

GFI=.55, SRMR=.18, RMSEA=.258) indicate a poor fit, which suggests that biasing from common method variance is unlikely.

Third, the fact that the research context involved a relatively small sample with exporters from a single country may also limit the generalizability of the results to some degree. Finally, as is the case with other studies in international business, our findings may be biased as a result not including objective/financial measures and using exclusively perceptual data (Skarmeas, Katsikeas and Schlegelmilch 2003). As it does not capture the totality of the complex domain of the export performance construct, these results should be regarded as suggestive rather than conclusive.

DIRECTIONS FOR FUTURE RESEARCH

First, future research must be concerned with the operationalization of export performance constructs. Operationalization of export performance is expected to faithfully correspond to a clearly defined conceptual domain (namely time frame and unit of analysis) so that we can measure constructs as precisely and completely as possible. Our effort to develop the APEV scale should be considered as part of a larger effort of trying to build on the extant literature and help researchers to capture export ventures' annual performance in future studies.

Second, this scale is also expected to help managers take *annual performance* as a reference point when planning future actions and when allocating resources to specific export ventures. Recent empirical research indicates that the high/low annual performance of the main export ventures has an immediate impact on strategic exporting decisions (Lages and Jap 2003) as well as on the degree of export management commitment (Lages and Montgomery 2004). It is essential that international marketing research makes an effort to better understand this reactive behavior to past performance, both at the firm and export department level. Most export marketing research tends to ignore the reactive behavior,

despite the fact that it may play an equal, if not greater, role than proactive behavior in the determination of current export strategy. Hence, it is essential to start using export venture's annual performance as a variable on the right side of the equation (i.e. as an independent variable).

Finally, from a scale development and refinement perspective, the replication of this study across various industries, and particularly across different countries, is suggested. In order to refine the APEV scale, future research should be particularly concerned with exploring the annual export venture's context frequently used by managers and public policy makers to assess performance (Madsen 1998; Lages and Lages 2004). Researchers are also encouraged to develop a scale to assess export performance using other time frames and units of analysis. Despite its complexity, the development of a measurement scale for export performance at the corporate level is strongly encouraged, as this is another controversial area requiring a valid and reliable scale (Katsikeas, Leonidou and Morgan 2000).

CONCLUSION

Measuring export performance is a topic of current interest for managers, public policy makers, and marketing researchers. Despite the innumerable difficulties associated with export performance conceptualization, operationalization and measurement, some notable efforts have been made in recent years towards the development of broad export performance scales (e.g. Styles 1998; Zou, Taylor and Osland 1998; Lages and Lages 2004). Despite these efforts, no study has tried to develop a sound evaluation of annual export venture's performance. However, from both theoretical and practitioner perspectives, we put forward a number of reasons that we believe justify the need for the scale presented.

While building on managerial insights and the export marketing literature, we expect to contribute to both export practice and theory development by creating the APEV scale. In the new five-dimensional APEV scale, we have attempted to include a broad domain of

export venture-related activities in order to capture a large set of facets of export performance as explicated by practice and theory. Instead of treating the annual export venture's performance as a unidimensional construct, we present various measurement units for each of its five dimensions: 1) annual export venture's financial performance; 2) annual export venture's strategic performance; 3) annual export venture's achievement; 4) contribution of the export venture to annual exporting operations; 5) satisfaction with annual export venture's performance.

This scale may be instrumental in evaluating export activities with the final aim of helping to assess annual exporting ventures' performance, which will stimulate the development of future decisions at the strategic and tactical levels. Similarly to Madsen (1998: 82), we also believe that "unfortunately, the real world is not as simple as theoretical economic theory, according to which the long-term profitability or maximization of rent-earning abilities are the ultimate goals for the firm." Researchers cannot ignore the fact that annual export performance levels relate directly to managers' personal interests, as a positive/negative performance might have an immediate effect on them (e.g. having a salary bonus *versus* being fired). Moreover, when export performance is positive all the firm's stakeholders are more likely to react positively, and export managers will be in a better position to request more human and financial export support. Hence, through the APEV scale we expect to offer a basis for capturing a "*key concern*" of export managers within a theoretical framework, by providing a unified measure for capturing annual performance of individual export ventures.

TABLE 1: CFA RESULTS

• **In order to define the Exporting Venture which will be the focus of this questionnaire, please select:**

- a) an exported product or group of exported products _____
(please indicate just one product or group of products)
- b) an importer in a foreign market for the export mentioned above (e.g. Firm A / Finland) _____
(please indicate just one firm in one country)

IMPORTANT: You have just defined the Exporting Venture of your company (which this questionnaire is about).

• **When considering the selected Exporting Venture in “Year Y”, what is your opinion concerning the following:**

Dimensions and Items of :		The APEV scale		
		$\alpha/\rho_{vc(n)}/\rho$	Stand. Item-Load.	T-value
AFP	Annual Export Venture's Financial Performance <i>1=strongly disagree; 5=strongly agree</i> In Year Y:	.79/.57/.80		
AFP1	• This export venture has been very profitable.		.62	7.04
AFP2	• This export venture has generated a high volume of sales.		.86	10.85
AFP3	• This export venture has achieved rapid growth.		.77	9.31
AST	Annual Export Venture's Strategic Performance <i>1=strongly disagree; 5=strongly agree</i> In Year Y:	.90/.75/.90		
AST1	• This export venture has improved our global competitiveness.		.87	11.13
AST2	• This export venture has strengthened our strategic position.		.89	11.58
AST3	• This export venture has significantly increased our global market share.		.83	10.38
AA	Annual Export Venture's Achievement <i>1=strongly disagree; 5=strongly agree</i> In Year Y:	.91/.77/.91		
AA1	• The performance of this export venture has been very satisfactory.		.92	12.38
AA2	• This export venture has been very successful.		.90	11.89
AA3	• This export venture has fully met our expectations.		.81	10.11
ACE	Contribution of the Export Venture to Annual Exporting Operations <i>0-9%; 10-29%; 30-59%; 60-84%; 85-100%</i> In Year Y, what was the contribution of the export venture to:	.97/.92/.97		
ACE1	• Export sales volume.		.97	13.94
ACE2	• Export sales value.		.96	13.56
ACE3	• Export profit.		.95	13.38
ASP	Satisfaction with Annual Export Venture's Performance <i>1=not satisfied at all; 5=extremely satisfied</i> In Year Y, how satisfied are you with the results of the export venture when considering:	.77/.63/.77		
ASP1	• Market share in the selected importing market of the export venture.		.81	9.40
ASP2	• Overall export performance.		.77	8.86

Notes: Year Y= 2000;

α = Internal reliability (Cronbach 1951); $\rho_{vc(n)}$ = Variance extracted (Fornell and Larcker 1981); ρ_c = Composite reliability (Bagozzi 1980)

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